# GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

**Financial Statements**
**as of December 31, 2009 and 2008**
**Together with**
**Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

## GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

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Bonadio & Co., LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

March 8, 2010

To the Board of Directors of
Greater Rochester Outdoor Sports Facility Corporation:

We have audited the accompanying financial statements of the business-type activities of Greater Rochester Outdoor Sports Facility Corporation (a New York corporation) (the Company) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Company's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Greater Rochester Outdoor Sports Facility Corporation as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Company has been unable to pay its rental obligations to the County of Monroe for the lease of its operating facility. The County of Monroe has represented in writing that it will not declare the Company's failure to make payments an event of default prior to January 1, 2011.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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# GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
## DECEMBER 31, 2009 AND 2008

Greater Rochester Outdoor Sports Facility Corporation (the Company) is a New York corporation that manages the operation of a sports stadium in Rochester, New York, known as Frontier Field (the Stadium). The County of Monroe (the County) owns the Stadium and leases it to the Company. The Greater Rochester Sports Authority (the Authority) has a management agreement with the Company whereby the Authority oversees the operations of the Stadium.

The financial statements of the Company include the balance sheets, the statements of operations and change in member's equity, the statements of cash flows, and related notes to the financial statements. The balance sheets provide information about the nature and the amounts of investments and resources (assets) and the obligations to the Company's creditors (liabilities), with the difference reported as member's equity. The statements of operations and change in member's equity, or income statement, show how the Company's equity changed during the year. They account for all of the year's revenues and expenses, measure the financial results of the Company's operations for the year and can be used to determine how the Company has funded its costs. The statements of cash flows provide information about the Company's cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities. The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Company's accounting methods and policies.

Management provides the discussion and analysis of the Company's financial position and activities. This overview is provided for the years ended December 31, 2009 and 2008. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts, management's discussion and analysis (this section) and the basic financial statements. The balance sheets and the statements of operations and change in members' equity provide both long-term and short-term information about the Company's overall financial status.

### FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments, including public benefit corporations. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict with or contradict guidance of the GASB. Governments also have the option of following private sector guidance for their business-type activities. The Company has elected not to follow subsequent private sector guidance. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Company's activities are classified as proprietary activities.

## FINANCIAL ANALYSIS - 2009

### Financial Position

The Company's cash decreased by approximately $186,000 or 25% in 2009 due primarily to less attendance at stadium related events in 2009 than in 2008. Total assets decreased by approximately $298,000 as a result of the decrease in cash, and the effects of depreciation expense. There were no significant asset purchases in 2009.

The Company has been unable to pay to the County of Monroe the rent that it is contractually obligated to pay, which is approximately equal to the payments for debt service on bonds issued by the County for the construction of the stadium. As a result, the amount due to the County has been increasing each year, with an increase in 2009 of approximately $1,470,000 or 7%.

In addition, the Company has an outstanding note payable due to Rochester Community Baseball (RCB) for repair work and equipment purchases done for the Stadium that is being paid with proceeds from advertising services. In 2009, the outstanding amount on this note decreased by approximately $17,000 or 9%. Total liabilities were approximately $22,792,000, an increase of $1.3 million over 2008. Total member's equity decreased to ($21,409,775), which is representative of the significant liability to the County of Monroe.

### Revenues

The Stadium is home to the Rochester Red Wings (Red Wings) baseball team, owned by RCB.

The Company's sources of revenue are parking fees, suite rental, facility usage fees, naming rights, advertising fees, concession fees and revenue from events other than sporting events. Most sources of revenue are associated with turnstile attendance.

During 2009 total revenue decreased from the prior year by approximately $72,000 or 6% due primarily to reductions in advertising and suite revenue. Advertising revenue decreased due to events that occurred in 2008, that did not occur in the current year. Suite revenue decreased due to fewer companies renting suites for the entire season. Parking and suite rental revenue are the highest sources of income for the Company, comprising of 34% and 22%, respectively, of total revenue in 2009.

Turnstile attendance during the 2009 season for the Red Wings games was as follows:

| Team | 2009 | 2008 | Change | % Change |
|---|---|---|---|---|
| Red Wings | 265,576 | 290,099 | (24,523) | (8.45%) |

### Expenses

Total operating expenses in 2009 decreased by approximately $1,135,000 or 30%. The majority of this decrease is related to a decrease in rent expense for the stadium, which is based on the County of Monroe's debt service requirements on bonds issued to finance a portion of the costs of the stadium. Other expenses increased in the current year as a result of increasing stadium maintenance expenses offset by decreasing outside event expense.

## FINANCIAL ANALYSIS - 2008

### Financial Position

The Company's cash increased by approximately $111,000 or 18% in 2008 due primarily to less leasehold improvements made to the stadium in 2008 than in 2007. Total assets increased by approximately $163,000 as a result of purchases of capital assets and an increase in cash due to operating income.

The Company has been unable to pay to the County of Monroe the rent that it is contractually obligated to pay, which is approximately equal to the payments for debt service on bonds issued by the County for the construction of the stadium. As a result, the amount due to the County has been increasing each year, with an increase in 2008 of approximately $2,653,000 or 14%.

In addition, the Company has an outstanding note payable due to Rochester Community Baseball (RCB) for repair work and equipment purchases done for the Stadium that is being paid with proceeds from advertising services. In 2008, the outstanding amount on this note decreased by approximately $21,000 or 10%. Total liabilities were approximately $21,496,000, an increase of $2.8 million over 2007. Total member's equity decreased to (19,815,674), which is representative of the significant liability to the County of Monroe.

### Revenues

The Company's sources of revenue are parking fees, suite rental, facility usage fees, naming rights, advertising fees, concession fees and revenue from events other than sporting events. Most sources of revenue are associated with turnstile attendance.

During 2008 total revenue decreased from the prior year by approximately $56,000 or 5% due primarily to reductions in outside events and suite revenue. Outside event revenue decreased because there were events that occurred in 2007, that did not occur in the current year. Suite revenue decreased due to fewer companies renting suites for the entire season. Parking and suite rental revenue are the highest sources of income for the Company, comprising 33% and 24% of total revenue in 2008, respectively.

Turnstile attendance for the 2008 season for the Red Wings games was as follows:

| Team | 2008 | 2007 | Change | % Change |
|---|---|---|---|---|
| Red Wings | 290,099 | 282,265 | 7,414 | 2.78% |

### Expenses

Total operating expenses in 2008 increased by approximately $1,161,000 or 44%. The majority of this increase is related to an increase in rent expense for the stadium, which is based on the County of Monroe's debt service requirements on bonds issued to finance a portion of the costs of the stadium. Other expenses increased in the current year as a result of increasing stadium maintenance expenses offset by decreasing outside event expense.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Company's finances for all those interested. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Stadium Director, Frontier Field, 333 North Plymouth Avenue, Rochester, New York 14608.

## GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

### BALANCE SHEETS
### DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and equivalents | $ 554,763 | $ 740,603 |
| Accounts receivable | 60,544 | 40,830 |
| Prepaid expenses | 35,952 | 33,506 |
| Total current assets | 651,259 | 814,939 |
| CAPITAL ASSETS, net | 731,425 | 865,775 |
| | $ 1,382,684 | $ 1,680,714 |
| **LIABILITIES AND MEMBER'S EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Due to County of Monroe | $ 22,576,380 | $ 21,106,785 |
| Accounts payable and accrued expenses | 50,700 | 204,347 |
| Deferred revenue | - | 3,000 |
| Total current liabilities | 22,627,080 | 21,314,132 |
| LONG-TERM LIABILITIES: | | |
| Due to Rochester Community Baseball | 165,379 | 182,256 |
| Total liabilities | 22,792,459 | 21,496,388 |
| MEMBER'S EQUITY | (21,409,775) | (19,815,674) |
| | $ 1,382,684 | $ 1,680,714 |

The accompanying notes are an integral part of these statements.

## GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

### STATEMENTS OF OPERATIONS AND CHANGE IN MEMBER'S EQUITY
### FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|---|---|---|
| OPERATING REVENUE: | | |
| Parking | $ 360,240 | $ 364,009 |
| Suite rental | 232,853 | 266,264 |
| Naming rights | 165,000 | 165,000 |
| Facility usage fees | 130,300 | 145,645 |
| Advertising | 96,632 | 119,767 |
| Concessions | 9,448 | 14,423 |
| Outside events and other revenue | 53,057 | 44,607 |
| Total operating revenue | 1,047,530 | 1,119,715 |
| OPERATING EXPENSES: | | |
| Rent | 1,469,595 | 2,653,021 |
| Stadium maintenance and repairs | 263,439 | 222,506 |
| Management fees | 250,533 | 243,134 |
| Utilities | 147,000 | 143,564 |
| Depreciation and amortization | 129,214 | 91,923 |
| Insurance | 109,097 | 129,616 |
| Parking | 84,967 | 80,896 |
| Outside services | 84,000 | 113,684 |
| Pure water taxes | 34,774 | 34,840 |
| Office and other | 28,738 | 21,056 |
| Events | 25,934 | 26,205 |
| Professional fees | 15,700 | 17,928 |
| Total operating expenses | 2,642,991 | 3,778,373 |
| Loss from operations | (1,595,461) | (2,658,658) |
| INTEREST INCOME | 1,360 | 15,778 |
| NET LOSS | (1,594,101) | (2,642,880) |
| MEMBER'S EQUITY - beginning of year | (19,815,674) | (17,172,794) |
| MEMBER'S EQUITY - end of year | $ (21,409,775) | $ (19,815,674) |

The accompanying notes are an integral part of these statements.

## GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

### STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Parking receipts | $ 360,240 | $ 364,009 |
| Suite rental receipts | 212,746 | 263,264 |
| Naming rights receipts | 165,000 | 165,000 |
| Facility usage receipts | 89,299 | 145,645 |
| Advertising receipts | 79,755 | 98,726 |
| Concessions receipts | 9,448 | 14,423 |
| Outside events and other receipts | 50,621 | 44,607 |
| Parking lot | (84,967) | (80,896) |
| Management and professional fees | (265,959) | (261,062) |
| Events | (25,934) | (26,205) |
| Outside services | (84,000) | (113,733) |
| Stadium maintenance and repairs | (261,790) | (224,816) |
| Insurance | (111,543) | (71,277) |
| Utilities and water | (133,289) | (154,200) |
| Office and other disbursements | (20,440) | (15,167) |
| Net cash flow from operating activities | (20,813) | 148,318 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchases of capital assets | (179,680) | (53,208) |
| Interest received | 1,360 | 15,778 |
| Cash received from Rochester Community Baseball related to a capital asset | 13,293 | - |
| Net cash flow from investing activities | (165,027) | (37,430) |
| CHANGE IN CASH AND EQUIVALENTS | (185,840) | 110,888 |
| CASH AND EQUIVALENTS - beginning of year | 740,603 | 629,715 |
| CASH AND EQUIVALENTS - end of year | $ 554,763 | $ 740,603 |
| NON-CASH INVESTING ACTIVITIES: | | |
| Capital asset addition included in accounts payable at year-end | $ - | $ 171,523 |

(Continued)

## GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**
(Continued)

| | 2009 | 2008 |
|---|---|---|
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Loss from operations | $ (1,595,461) | $ (2,658,658) |
| Adjustments to reconcile net loss to net cash flows from operating activities: | | |
| Non-cash advertising income from Rochester Community Baseball | (16,877) | (21,041) |
| Depreciation and amortization | 129,214 | 91,923 |
| Due to County of Monroe | 1,469,595 | 2,653,021 |
| Changes in: | | |
| Accounts receivable | (19,714) | 22,796 |
| Prepaid expenses | (2,446) | 58,339 |
| Accounts payable and accrued expenses | 17,876 | 4,938 |
| Deferred revenue | (3,000) | (3,000) |
| Net cash flow from operating activities | $ (20,813) | $ 148,318 |

The accompanying notes are an integral part of these statements.

## 1. THE COMPANY

Greater Rochester Outdoor Sports Facility Corporation (the Company) is a New York corporation formed to acquire and operate real and personal property for the economic benefit of the people in the County of Monroe and Rochester, New York area. The primary activity of the Company is the operation of a sports stadium in Rochester, New York, known as Frontier Field (the Stadium), which is used for the recreation, entertainment, amusement and benefit of the citizens of the County of Monroe. The sole corporate member of the Company is the County of Monroe Industrial Development Agency (COMIDA). At inception, the Company was not able to obtain a definitive ruling from the Internal Revenue Service to be incorporated as a not-for-profit organization. Therefore, for tax purposes they have elected to be treated as a corporation.

Rochester Community Baseball, Inc. (RCB), which owns a minor league baseball team known as the Rochester Red Wings, is the primary user of the Stadium. The Company earns most of its revenue from baseball games played by the Rochester Red Wings.

## 2. CAPITAL RESOURCES AND LIQUIDITY

As described in Note 8, the Company leases the Stadium from the County of Monroe (the County) under the terms of an agreement requiring payments at least equal to the County's debt service on bonds issued by the County to finance a portion of the construction of the Stadium.

Through December 31, 2009, the Company's expenses had exceeded revenues. As a result, the Company has been unable to make its required lease payments to the County. At December 31, 2009, the Company owed the County $22,576,380 for unpaid rent, excluding any interest that may be charged on unpaid amounts. The County has not declared this an event of default under the terms of the lease and has indicated that it will not do so, nor will it demand any payment, prior to January 1, 2011. Further, the Company is obligated to make additional lease payments totaling $19,361,630 through 2024.

The ability of the Company to continue to operate the Stadium is dependent on the County continuing not to declare the Company in default under the lease. If the County were to declare an event of default and terminate the lease, the County would be directly responsible for Stadium operations, unless operations were contracted to another entity. Since the majority of the Stadium's revenue and expenses relate to the long-term sublease with RCB, as described in Note 8, operating results would not be expected to be materially different if the Stadium were operated by the County or another entity.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments as well as those entities controlled by state and local governments. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict with or contradict guidance of the GASB. Governments also have the option of following private sector guidance for their business-type activities. The Company has elected not to follow subsequent private sector guidance.

The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Company's services are classified as proprietary activities.

### Cash and Equivalents

The Company maintains cash in demand deposit accounts and money market accounts. At times the balances in these accounts may exceed federally insured limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant custodial credit risk with respect to these cash balances.

### Accounts Receivable

The Company provides credit to customers in the normal course of business. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. When customary collection efforts are exhausted the account is written-off. An allowance for doubtful accounts is provided, when necessary, based primarily on the Company's prior collection experience and knowledge of specific outstanding accounts. There was no allowance for doubtful accounts at either December 31, 2009 or 2008.

### Capital Assets

Capital assets are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets which range from 3 to 20 years. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life. Major additions and betterments that enhance the value of the Stadium are capitalized, while maintenance and repairs are charged to operations as incurred.

Management periodically evaluates the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. If the estimated fair value of assets is less than the carrying amount, an impairment loss is recognized. Management believes no such impairment existed at either December 31, 2009 or 2008.

### Revenue Recognition

Revenue related to suite rentals is recognized ratably over the rental period. Deferred revenue represents cash received for suite rentals prior to revenue recognition. Other revenue is recognized when the services are provided (games, events) or when the products are delivered (concession, advertising spaces).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income Taxes

Deferred income taxes are provided to reflect the future tax consequences of temporary differences in the reporting of revenue and expenses for financial statement and tax purposes. At December 31, 2009, the Company had a deferred tax asset arising from Federal and New York State net operating loss carryforwards of approximately $21.4 million. These carryforwards may be used to offset future taxable income and expire at various dates through 2027. Due to the uncertainty of the Company's ability to generate taxable income during the carryforward period, a valuation allowance equal to the deferred tax asset has been provided.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 4. CASH AND EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Company's deposit deposits may not be returned to it. The Company does not have a deposit policy for custodial credit risk. As of December 31, 2009, all of the Company's cash was covered by FDIC insurance or collateral.

## 5. CAPITAL ASSETS

Capital assets activity for the years ended December 31, were as follows:

| | Balance 12/31/08 | Additions | Deletions | Balance 12/31/09 |
|---|---|---|---|---|
| Stadium equipment | $ 1,162,435 | $ 8,157 | $ (13,293) | $ 1,157,299 |
| Leasehold improvements | 838,846 | - | - | 838,846 |
| | 2,001,281 | 8,157 | (13,293) | 1,996,145 |
| Less: Accumulated depreciation and amortization on: | | | | |
| Stadium equipment | (852,723) | (63,797) | - | (916,520) |
| Leasehold improvements | (282,783) | (65,417) | - | (348,200) |
| | (1,135,506) | (129,214) | - | (1,264,720) |
| | $ 865,775 | $ (121,057) | $ (13,293) | $ 731,425 |

## 5. CAPITAL ASSETS (Continued)

| | Balance 12/31/07 | Additions | Deletions | Balance 12/31/08 |
|---|---|---|---|---|
| Stadium equipment | $ 944,804 | $ 217,631 | $ - | $ 1,162,435 |
| Leasehold improvements | 831,746 | 7,100 | - | 838,846 |
| | 1,776,550 | 224,731 | - | 2,001,281 |
| Less: Accumulated depreciation and amortization on: | | | | |
| Stadium equipment | (822,233) | (30,490) | - | (852,723) |
| Leasehold improvements | (221,350) | (61,433) | - | (282,783) |
| | (1,043,583) | (91,923) | - | (1,135,506) |
| | $ 732,967 | $ 132,808 | $ - | $ 865,775 |

Depreciation and amortization expense of $129,214 and $91,923 was recorded by the Company for the years ended December 31, 2009 and 2008, respectively.

At December 31, 2008, the Company had recognized an increase in capital assets of $171,523 related to equipment ordered and invoiced by the vendor. This amount was not paid in cash until 2009.

## 6. DUE TO ROCHESTER COMMUNITY BASEBALL, INC.

During 1997, the Company received $350,980 in cash and equipment from RCB. RCB has the right to sell certain stadium advertising on behalf of the Company, the proceeds of which are used to reduce the balance due. RCB applied $16,877 and $21,041 of advertising revenues to the balance due in 2009 and 2008, respectively.

## 7. GREATER ROCHESTER SPORTS AUTHORITY

The Company has a management agreement with Greater Rochester Sports Authority (the Authority) whereby the Authority oversees the operations of the Stadium. The Authority has, in turn, outsourced the day-to-day operations of the Stadium to Beau Productions and, acting as a disclosed agent for the Company, has entered into a management agreement with Beau Productions on the Company's behalf (see Note 10). Under the terms of the management agreement with the Authority, the Company is required to reimburse the Authority for all of the reasonable costs incurred by the Authority to oversee the operations of the Stadium. Since the Authority outsourced the day-to-day operations of the Stadium to Beau Productions, and the Company paid Beau Productions directly for services rendered, the Authority did not incur any costs related to the management agreement in either 2009 or 2008. As such, the Company was not required to reimburse the Authority for any costs in either 2009 or 2008. However, the Company paid Beau Productions $250,533 and $243,134 in 2009 and 2008, respectively.

## 8. FACILITY LEASE

The Company leases the Stadium from the County under the terms of an operating lease agreement. The County issued bonds to finance a portion of the construction of the Stadium. The Company is required to make lease payments in an amount at least equal to the debt service on the bonds through 2024. The Company has failed to make its required payments to the County under the terms of the lease agreement. The County agreed to not declare an event of default under the terms of the lease for nonpayment of rent through at least January 1, 2011. Future minimum lease payments due under the terms of the lease are as follows for the years ending December 31:

| | |
|---|---|
| 2010 | $ 1,632,510 |
| 2011 | 1,607,745 |
| 2012 | 1,494,296 |
| 2013 | 1,497,638 |
| 2014 | 1,582,393 |
| Thereafter | 11,547,048 |
| | 19,361,630 |
| Amounts unpaid from prior years | 22,576,380 |
| | $ 41,938,010 |

## 9. SUBLEASE AGREEMENT

The Company has a sublease agreement with RCB through 2024. The sublease provides for revenue sharing in lieu of rent. Ticket, premium suite, concession and advertising revenue are shared as described in the agreement. Revenue sharing varies based on attainment of specified revenue, ticket sale and attendance levels. The majority of the Company's accounts receivable was due from RCB at both December 31, 2009 and 2008.

The RCB sublease required the Company to establish a capital improvement fund. If turnstile attendance exceeds 300,000 during any one baseball season, RCB is required to make payments into the fund of up to $200,000 annually and $4 million in the aggregate. During 2009 and 2008, turnstile attendance did not exceed 300,000. All capital improvement funds received through December 31, 2009 and 2008 had been expended on non-routine maintenance and capital improvements to the Stadium.

## 10. NAMING RIGHTS

The Company has an agreement with Frontier Communications of Rochester, Inc. (Frontier) for the naming rights of the Stadium. Under terms of the agreement, the Company will receive annual payments of $165,000 through November 15, 2015. The agreement provides Frontier with a ten-year renewal option.

## 11. COMMITMENTS AND CONTINGENCIES

**Management Agreement**

The Company has an agreement with Beau Productions to manage the day-to-day operations and develop marketing efforts for the stadium events through December 31, 2011. The contract provides for payments of $20,878 per month in 2009, with annual increases of the greater of 3% or the increase in the western New York consumer price index throughout the contract term. Expenses incurred in 2009 and 2008 were $250,533 and $243,134, respectively.

## 11. COMMITMENTS AND CONTINGENCIES (Continued)

### Parking Lot Leases

The Company has a lease agreement with Eastman Kodak Company for the rental of certain parking areas. The lease required fixed minimum annual payments of $25,000 through 2001. Beginning in 2002, the base rent increases by 3% per year through the lease expiration date of September 30, 2017. Additional rent may be due based on the number of events held at the Stadium. Rent expense totaled $32,619 and $31,669 in 2009 and 2008, respectively, and is included as a component of parking expenses in the accompanying statements of operations and changes in member's equity.

The Company has an agreement for parking lot operation services through December 31, 2011 with an unrelated third-party. The agreement requires the payment of a management fee equal to the greater of 10% of gross receipts or 16% of annual net receipts. Net receipts are defined as gross receipts less all operating expenses as set forth in the agreement's budget. Expenses related to this contract for 2009 and 2008 were $43,937 and $38,209, respectively.

### Security Agreement

The Company had an agreement with a security company to provide security services at RCB events. The agreement required payments of $25.50 per hour for a minimum of three officers for each of the seventy-two annual RCB events. The agreement was to expire on December 31, 2011; however, GROSFC terminated this agreement in 2009 due to non-performance by the vendor. Total security expense was $19,437 in 2008.

### Contingencies

The Company is holding invoices totaling approximately $680,000 from the City of Rochester for police services related to operation of the Stadium between 2002 and 2006. The Company is also holding invoices from the Monroe County Maintenance and Construction Division for services over the same time period. The Company had not entered into any agreements to pay for these services. Management has contested these amounts and does not believe that the Company has any liability nor is any liability recorded for these services at December 31, 2009 or 2008.